

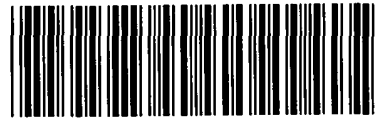
Nicovations Limited

Registered Number 07412694

Annual report and financial statements

For the year ended 31 December 2021

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Nicovations Limited

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Nicovations Limited

Strategic report

The Directors present their strategic report on Nicovations Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The Company was primarily engaged in leasing of development and production equipment relating to innovative regulatory approved nicotine products that provided a consumer-acceptable alternative to cigarettes as a member of the British American Tobacco p.l.c. group of companies (the "Group").

In the 2020 financial year the Company received information that one of its lease counterparties had entered into administration. This affected the continuance of the Company's lease arrangements. Therefore, the Directors have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Review of the year ended 31 December 2021

The loss for the financial year attributable to the Company's shareholder after deduction of all charges and the provision of taxation amounted to £303,000 (2020: £37,000).

Non-going concern

As referenced in the principal activities these financial statements have not been prepared on a going concern basis.

Key performance indicators

Given the nature of the Company's activities, the Company's Directors believe that key performance indicators are not necessary or appropriate for an understanding of the Company's specific development, performance or the position of its business. However, key performance indicators relevant to the Group, and which may be relevant to the Company, are disclosed in the Strategic Report in British American Tobacco p.l.c.'s 2021 Annual Report and Form 20-F ("BAT ARA & 20-F") and do not form part of this report.

Principal risks and uncertainties

The principal risks and uncertainties of the Company, including financial risk management, are integrated with the principal risks of the Group and are monitored by audit committees to provide a framework for identifying, evaluating and managing risks faced by the Group. Accordingly, the key Group risk factors that may be relevant to the Company are disclosed in the BAT ARA & 20-F and do not form part of this report.

UK Companies Act: Section 172 (1) Statement

The Company is part of the Group and is ultimately owned by British American Tobacco p.l.c. As set out above in the Company's Strategic Report the principal activity of the Company was the leasing of development and production equipment relating to innovative regulatory-approved nicotine products that provide a consumer-acceptable alternative to cigarettes. The Company does not currently undertake any material trading activities

Under section 172(1) of the UK Companies Act 2006 and as part of the Directors' duty to the Company's shareholder to act as they consider most likely to promote the success of the Company, the Directors must have regard for likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for the business relationships with the Company's wider stakeholders, and the impact of the Company's operations on the environment and communities in which it operates. Consideration of these factors and other relevant matters is embedded into all Board decision-making and risk assessment throughout the year.

Nicovations Limited

UK Companies Act: Section 172 (1) Statement (continued)

The Company's key stakeholders are the lease counterparties it engages with in relation to its development and production equipment, other Group undertakings and its shareholder. The Company does not have any employees or customers, or other direct suppliers outside of the Group.

Primary ways in which the Company engages with lease counterparties are through meetings, ongoing dialogue and relationship management conducted by the Group's Operations and Finance teams.

The Company engages with other Group undertakings and its shareholder through regular meetings, intra-group management activities and ongoing dialogue. There is also regular engagement within the Group on finance related matters which is taken into account in the Company's decision making.

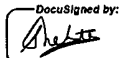
Where the Directors do not engage directly with the Company's stakeholders, they are kept updated on stakeholder perspectives, the impact of decisions on relevant stakeholders and engagement conducted with stakeholders, where applicable, including through the use of management reporting and board notes relating to matters presented to the Board during the year. This enables the Directors to maintain an effective understanding of what matters to those stakeholders and to draw on these perspectives in Board decision-making.

In accordance with the Group's overall governance and internal controls framework and in support of the Company's purpose as part of the Group, the Company applies and the Directors have due regard to all applicable Group policies and procedures, including the Group Statement of Delegated Authorities ("SoDA"), and the Group Standards of Business Conduct, International Marketing Principles, Health and Safety Policy, and Environmental Policy as set out on pages 48 and 73 of the BAT ARA & 20-F. As a Group company, the Company acts in accordance with the Group's policies in relation to the safeguarding of human rights and community relationships, which are set out on pages 48 of the BAT ARA & 20-F.

Certain authorities for decision-making are delegated to management under the SoDA, part of the Group's governance and internal controls framework through which robust corporate governance, risk management and internal control are promoted within the Group. Application of the SoDA does not derogate from any requirement for Board review, oversight or approval in relation to the Company's activities.

The Directors receive training in relation to their role and duties as a director on a periodic basis. All newly appointed Directors receive an induction and training in respect of their roles and duties on appointment, including on directors' duties under Section 172 of the UK Companies Act. Director training is provided through the Company Secretary.

By Order of the Board

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Ms S. Mehta

Secretary

Date: 7 September 2022

Nicovations Limited**Directors report**

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2021.

Dividends

During the year the Company did not pay any dividends (2020: £nil).

Board of Directors

The names of the persons who served as Directors of the Company during the period 1 January 2021 to the date of signing this report are as follows:

	Appointed	Resigned
Vladimir Shilov		31 August 2021
David O'Reilly		
Timothy James Bartle		31 August 2021
Simon Dudley Keith Shaw Ashton	1 September 2021	
Joana Bezerra Cavalcanti	1 September 2021	

Research and development

During the year the Company incurred £nil (2020: £nil) with respect to research and development expenditure.

Auditor

Pursuant to Section 487 of the Act, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Employees

The average number of employees employed by the Company during the year was nil (2020: nil).

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Applicable law requires the Directors to prepare financial statements for each financial year. Under applicable law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

Under applicable law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so. As explained in note 1, the Directors do not believe it is appropriate to prepare these financial statements on a going concern basis.

Nicovations Limited

Directors' report (continued)

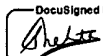
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Directors' declaration in relation to relevant audit information

Having made appropriate enquiries, each of the Directors who held office at the date of approval of this Annual report confirms that:

- (a) to the best of their knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- (b) they have taken all steps that a Director might reasonably be expected to have taken in order to make themselves aware of relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board

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Ms S. Mehta

Secretary

Date:

7 September 2022

Independent auditor's report to the members of Nicovations Limited

Opinion

We have audited the financial statements of Nicovations Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and loss account, Statement of changes in equity, Balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Company's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. These procedures involved identifying journal entries to test based on certain risk criteria and testing the identified entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Independent auditor's report to the members of Nicovations Limited (continued)

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 4 and 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Nicovations Limited (continued)

Auditor's responsibilities

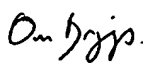
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:


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Oliver Briggs (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London. E14 5GL

Date: 08-Sep-2022

Nicovations Limited

Profit and loss account for the year ended 31 December

	Note	2021 £'000	2020 £'000
Other operating income	2	-	64
Other operating expenses	3	(310)	(111)
Operating loss		(310)	(47)
Interest receivable and similar income	4	7	10
Loss before taxation		(303)	(37)
Tax	5	-	-
Loss for the financial year		(303)	(37)

There are no items of other comprehensive income other than the loss for the financial period and therefore, no statement of other comprehensive income has been presented.

Statement of changes in equity for the year ended 31 December

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
1 January 2020	133,000	(122,611)	10,389
Loss for the financial year	-	(37)	(37)
31 December 2020	133,000	(122,648)	10,352
Loss for the financial year	-	(303)	(303)
31 December 2021	133,000	(122,951)	10,049

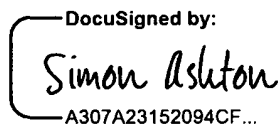
The accompanying notes are an integral part of the financial statements.

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Balance sheet at 31 December

	Note	2021 £'000	2020 £'000
Current assets			
Tangible assets	6	-	-
Debtors: amounts falling due within one year	7	10,345	10,914
Current Liabilities			
Creditors: amounts falling due within one year	8	(296)	(562)
Net current assets		10,049	10,352
Total assets less current liabilities		10,049	10,352
Net assets		10,049	10,352
Capital and reserves			
Called up share capital	10	133,000	133,000
Profit and loss account		(122,951)	(122,648)
Total shareholders' funds		10,049	10,352

The financial statements on pages 9 to 17 were approved by the Directors on 7 September 2022 and signed on behalf of the Board.

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Mr S.D.K.S. Ashton

Registered number
07412694

The accompanying notes are an integral part of the financial statements.

Nicovations Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies

Basis of accounting

The Company is incorporated, domiciled and registered in England and Wales in the UK. The registered number is 07412694 and the registered address is Globe House, 1 Water Street, London, WC2R 3LA.

The financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006 ('the Act') and in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Act, but makes amendments where necessary in order to comply with the Act, and where advantage of disclosure exemptions available under FRS 101 have been taken.

The Company has taken advantage of the exemption from preparing a cash flow statement, from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group, and from certain disclosures in relation to financial instruments and share schemes where equivalent disclosures are included in the consolidated financial statements of the Company's ultimate parent.

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The key estimates and assumptions are set out in the accounting policies below, together with the related notes to the accounts.

The most significant item is:

- the review of asset values and impairment testing of non-financial assets

Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. In the future, actual experience may deviate from these estimates and assumptions, which could affect the financial statements as the original estimates and assumptions are modified, as appropriate, in the year in which the circumstances change.

The Company is included in the consolidated financial statements of British American Tobacco p.l.c. which is incorporated in the United Kingdom and registered in England and Wales. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The accounting policies set out below, have unless otherwise stated been applied consistently to all periods presented in the financial statements.

Non-going concern

Prior to the financial statements for the year ended 31 December 2019, the financial statements have been prepared on a going concern basis. The Company had leased its production and development equipment to third parties. Under the lease arrangements, the Company had the right to receive certain rental incomes (the timing and the amount of which were based on the lessees achieving certain performance targets or otherwise receiving payments from the counterparties) and no significant cash outflows were required to sustain these arrangements.

The Company had received information that the counterparty in one of its lease arrangements ("first counterparty") had entered administration. The rental income from the other lease arrangement is dependent on certain other amounts being received from the first counterparty. The administrators have confirmed that the lease arrangement with the first counterparty has been terminated and as a result, the Company is now taking possession of the assets that were subject to the agreement. Accordingly, the directors believe that they may have no alternative but to cease trading and have not prepared the financial statements on a going concern basis.

Nicovations Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies (continued)

Foreign Currencies

The functional currency of the Company is sterling. Transactions arising in currencies other than sterling are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities expressed in currencies other than sterling are translated at rates of exchange ruling at the end of the financial year. All exchange differences are taken to the profit and loss account in the year.

Other operating Income

Other operating income is recognised in the profit and loss account when all contractual or other applicable conditions for recognition have been met. As permitted by IFRS 9, a provisions matrix for lifetime expected losses is used for receivables balances arising from the recognition of revenue.

Other operating expenses

Operating expenses are recorded in period they relate to and are generated in the normal business operations of the company.

Taxation

Taxation is that chargeable on the profits for the period, together with deferred taxation.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date.

Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or changes in equity.

As a UK-resident wholly-owned subsidiary within the British American Tobacco group of companies (the "Group"), the Company is eligible to surrender tax losses to, or claim tax losses from, fellow members of the same UK group for the purposes of calculating corporation tax due in the UK ("group relief"). It is Group policy that tax losses are surrendered unless the Company generating the losses has a particular need to carry the loss forward. It is also Group policy not to reimburse entities for Group Relief surrendered unless, on a stand-alone basis and assuming the entity were not in the Group, those losses are judged to have value to the entity generating the loss.

Tangible assets

Tangible assets are stated at net realisable value. Net realisable value is the estimated selling price less cost to completion and sale.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Nicovations Limited

Notes to the financial statements for the year ended 31 December 2021

1 Accounting policies (continued)

Onerous contracts

The Company as part of continuing operations was subject to an onerous contract. Under IAS 37 an onerous contract is one where the unavoidable cost of meeting the obligations under the contract exceed economic benefits expected to be received under the contract. The unavoidable cost under a contract should reflect the least net cost of exiting the contract which is the lower of fulfilling the contract and any compensation or failures that may arise from failure to fulfil. The Company has recognised the present obligation under its onerous contract as a provision for the net cost of exiting the contract.

Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions.

Financial assets and financial liabilities are initially recognised at fair value, plus directly attributable transaction costs where applicable, with subsequent measurement as set out below.

Non-derivative financial assets

Non-derivative financial assets consist of loans and receivables. These are amounts owed by group undertakings and other debtors, with fixed or determinable payments that are not quoted at active market. These are measured at net realisable value.

Non-derivative financial liabilities

Non-derivative financial liabilities, including trade payables, are measured at net realisable value.

Nicovations Limited

Notes to the financial statements for the year ended 31 December 2021**2 Other operating income**

Other operating income comprised income from rental of machinery to a third party.

	2021	2020
	£'000	£'000
Rental income	-	64
	-	64

3 Other operating expenses

	2021	2020
	£'000	£'000
Other operating expenses	310	111
	310	111

Other operating expenses are made up primarily of costs for the transportation and storage of equipment.

Auditor's fees of £2,000 were borne by a fellow Group undertaking (2020: £2,000). No non-audit fees were incurred during the year (2020: £nil).

There were no employees (2020: nil) and no staff costs during the year (2020: £nil).

None of the Directors received any remuneration in respect of their services as a Director of the Company during the period. The Company considers that there is no practicable method to allocate a portion of the emoluments the Directors receive from their respective Group company employer for any qualifying services in respect of the Company, as these are considered to be incidental and part of the Directors overall management responsibilities within the Group.

4 Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest receivable from Group undertakings	7	10
	7	10

Nicovations Limited

Notes to the financial statements for the year ended 31 December 2021

5 Taxation

(a) Recognised in the Profit and loss account

	2021 £'000	2020 £'000
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Total current tax	-	-
<i>Foreign tax</i>		
Current tax on income for period	-	-
Total foreign tax	-	-
<i>Deferred tax</i>		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Total income tax expense	-	-

(b) Factors affecting the taxation charge

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

The taxation charge for the year differs from the charge that would be expected based on the statutory 19% (2020: 19%) rate of corporation taxation in the UK. The major causes of this difference are listed below:

	2021 £'000	2020 £'000
Loss for the year	(303)	(37)
Total tax expense	-	-
Loss excluding taxation	(303)	(37)
Tax using the UK corporation tax rate of 19.00% (2020: 19.00%)	(58)	(7)
Group relief surrendered for nil consideration	58	7
Total income tax expense	-	-

The Company has gross temporary differences of £16,820,000 (taxation amount £4,205,000), (2020: £16,820,000 (taxation amount: £3,196,000) in respect to capital allowances. A deferred tax asset has not been recognised at the balance sheet date because it is not sufficiently probable that they will be utilised in the foreseeable future.

Nicovations Limited

Notes to the financial statements for the year ended 31 December 2021

6 Tangible assets

	Plant, Machinery and Equipment £'000
Cost	
1 January 2021	8,900
31 December 2021	8,900
Accumulated depreciation	
1 January 2021	8,900
31 December 2021	8,900
Net book value	
1 January 2021	-
31 December 2021	-

In previous years, the Company entered into an arrangement with a third party, to lease its plant, machinery and equipment to the third party (lessee). To the Company, this constituted an operating lease. The lease payments to be received by the Company depended on the number of the units produced by the lessee using the equipment and supplied to other parties; the amount of such lease payments was uncertain. The arrangement included an option to the lessee to purchase the equipment from the Company.

The Company had also entered into an arrangement with another third party to lease development and production equipment. The Company had de-recognised this equipment on the basis that the arrangement with that third party constituted a finance lease. The finance lease receivable was contingent on that third party meeting certain performance milestones and was valued at £nil. As explained in note 1 the counterparty to this lease arrangement has entered into administration and the lease agreement is confirmed as terminated. The Company is now in the process of taking possession of the assets that were subject to the agreement.

7 Debtors

	2021 £'000	2020 £'000
Amounts owed by Group undertakings	10,204	10,773
Accrued income	141	141
	10,345	10,914

Included within amounts owed by Group undertakings is an amount of £10,204,000 (2020: £10,277,000) which is unsecured, interest bearing and repayable on demand.

The variable interest rate is in accordance with the Group's intercompany lending agreements. During 2021, the standard lending agreements within the Group were revised to take account of global benchmark interest rate reform. Prior to 1 August 2021 the applicable rate was based on the London InterBank Interest Rate (LIBOR) and with effect from this date it is based on the Sterling Overnight Index Average (SONIA). Management consider the replacement rates in the revised intercompany agreement to be economically equivalent to those used previously. The Company was not materially affected by the change in rates.

Nicovations Limited

Notes to the financial statements for the year ended 31 December 2021

8 Creditors

	2021 £'000	2020 £'000
Amounts owed to Group undertakings	296	562
	296	562

9 Provisions for liabilities

	2021 £'000	2020 £'000
Opening balance	-	2,600
Utilised in the year	-	(2,600)
Closing Balance	-	-

Provision for liabilities related to settlement of contracts with a supplier post return of the Medical Licence. During 2020 these contracts were fully settled.

10 Called up share capital

	Number	
1 January 2021	133,000,002	
Issue of new shares	-	
31 December 2021	133,000,002	
Ordinary shares of £1 each	2021	2020
Allotted, called up and fully paid		
- value £	133,000,002	133,000,002
- number	133,000,002	133,000,002

11 Related party disclosures

As a wholly owned subsidiary the Company has taken advantage of the of the exemption under FRS 101 from disclosing transactions with other subsidiary undertakings of the British American Tobacco p.l.c. Group.

12 Parent undertakings

The Company's ultimate parent undertaking and ultimate controlling party is British American Tobacco p.l.c. being incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent undertaking is Nicoventures Holdings Limited. Group financial statements are prepared only at the British American Tobacco p.l.c. level and may be obtained from:

The Company Secretary
Globe House
1 Water Street
London
WC2R 3LA